

Appendix D: Application of Two-Stage Allocation Method

This Appendix provides detailed information for the two-stage approach to developing a potential method to allocate rural transit operating assistance, specifically RGP funds.

The first stage involved calculating three-year averages for the number of vehicles, vehicle miles, vehicle hours, and passengers for rural transit systems, and then clustering transit systems into groups based on ranges of average annual passengers. Three-year averages were calculated on the basis of Annual Operating Statistics for fiscal years 2000-2002. The table on the following page presents the groups of rural transit systems, sorted in ascending order by the number of average annual passengers for the three-year period. The explanation for the highlighted cells is as follows:

- Dark gray highlight = lower number of vehicle miles or vehicle hours than would be expected given statistics for other systems that carried a similar number of passengers. Seeming anomaly that requires further investigation and/or explanation.
- Light gray highlight = higher number of vehicle miles or vehicle hours than would be expected given statistics for other systems that carried a similar number of passengers. Seeming anomaly that requires further investigation and/or explanation.
- Gray highlight in right-hand column = large increase in number of passengers from the preceding system listed in the table. Used as break points to create groups of transit systems.

It is essential that the reasons for the variance from “peer” transit system values are understood for the highlighted cells. Unless and until there is an understanding of what part of the cause for these seeming anomalies is due to circumstances outside a transit system’s control, and what part of the cause can be addressed through improved management and operating practices, application of a rural operating assistance funding formula will be inequitable.

Note that all regional systems were placed in one group, regardless of their number of average annual passengers.